



December 6, 2017

Dennis D. Keefe
President and Chief Executive Officer
Care New England
45 Willard Ave.,
Providence, RI 02905

David Torchiana, MD
President and Chief Executive Officer
Partners HealthCare
800 Boylston Street,
Boston, MA 02199

Dear Mr. Keefe and Dr. Torchiana:

I am writing to inform you that the Office of the Health Insurance Commissioner (OHIC) has begun an initial assessment of the cost implications of a potential merger between Partners HealthCare and Care New England (CNE). While statutory authority to review and approve hospital conversions rests with the RI Department of Health and Office of the Attorney General, it is consistent with OHIC's statutory obligations under RI General Law (RIGL) Titles 27 and 42 to understand the possible impacts of any potential hospital system consolidations on health insurance premiums and overall system performance. Significant business transactions that portend to reshape the local health care delivery system may profoundly affect the cost of health insurance, the quality of health care services, patient access to care, and insurer financial condition.

The RIGLs delegate authority to the Health Insurance Commissioner to oversee the premiums, market conduct, and financial solvency of health insurers doing business in the state. Managing this statutory responsibility effectively requires that the Commissioner maintain a comprehensive perspective on the structure and functioning of Rhode Island's health care system, as well as an understanding of emerging trends and market forces likely to shape the system in the future. Given the prospective nature of health insurance rate-setting and maintaining risk-based capital,

Protecting Consumers • Ensuring Solvency • Engaging Providers • Improving the System

www.ohic.ri.gov
1511 Pontiac Avenue • Building #69, First Floor • Cranston, RI 02920
401.462.9517 • 401.462.9645 fax • TTY: 711

sound insurance regulation relies on our ability to forecast the future with some degree of accuracy and to anticipate structural changes in our local market.

As part of our statutory duties, it is reasonable and proper for OHIC to assess not only how the potential merger between CNE and Partners would affect affordability, as reflected in premium rates, but it is also appropriate for OHIC to understand how any proposed change in the organization and structure of our local and regional health economy will shape the market conditions within which our insurers operate and our consumers access health care services. Such an understanding is indispensable to carry out our mission as defined under RIGL § 42-14.5-2.

The scope of OHIC's initial assessment will be primarily focused on the potential implications related to the cost of care in our state. Hospital consolidations and mergers have shown to impact total medical spending. This assessment is intended to inform OHIC's premium rate review, affordability standards scope and application, and public comment, should that be appropriate during a potential Hospital Conversion Act (HCA) application review. It is understood that cost is not the sole factor that needs to be considered during a review of any major health system change. Opportunities to improve efficiency and enhance quality of care will need to be evaluated through the more comprehensive HCA proposal evaluation process.

This is a critical point in time for Rhode Island's hospital systems. It is incumbent upon us to gather data to inform significant decisions that may impact the financial viability of our health system and the businesses, consumers, and members of the public who pay to maintain it.

Please do not hesitate to call me directly at [REDACTED] with any questions or concerns.

Sincerely,

A handwritten signature in black ink, reading "Marie L. Ganim". The signature is fluid and cursive, with the first name "Marie" and last name "Ganim" clearly legible.

Marie L. Ganim, PhD
Health Insurance Commissioner

Cc: Attorney General Peter Kilmartin
Nicole Alexander-Scott, MD, Director of Health